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SUPPLY CONTROL IN STATE TRADE SYSTEM OF NORTHWEST CHINA

Ching-chi Chou-pao (Economic Weekly)  
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The confused supply condition in the state-operated trade system of the Northwest Administrative Area of China may be attributed to the following factors: inadequate planning, poor management, and failure to estimate market demand.

Inadequate investigation and planning result in an insufficient supply of goods in some areas and a surplus of goods in others. For example, the Northwest Local Produce Company purchased from Ch'uan-hsi some 10,000 catties of tobacco which were stored in its warehouses for 8 months. Consequently, the company lost 130 million yuan in interest payments alone. In 1952, the Northwest Industrial Equipment Company accumulated 6 trillion yuan of goods. These accumulations obstruct the circulation of capital.

The distribution of goods without regard to need creates confusion. For example, the Northwest General Merchandise Company sent a large quantity of rain shoes to Ningsia where it seldom rains, but a small quantity to Nan-cheng where it often rains. In July 1952, this same company acquired from Germany 4,800 sun lamps which had to be stored in its warehouses for 6 months because of the lack of batteries.

Failure to estimate seasonal requirements and the demand for specific production on the market also slows up the circulation of capital. For example, in 1951 the Sian General Merchandise Company was short of such items as matches, cotton socks, and paper. While consumers constantly demanded these products, the company never had enough in stock. In Kansu Province, the shepherds urgently needed shears, separators, and combs. Because the state-operated enterprises neglected to anticipate their demands, the shepherds lacked the tools necessary to do their work effectively. Buyers were sent from the Sinkiang Military District to Sian to get machinery and equipment. Because the Northwest Industrial Equipment Company was unable to supply their needs, the buyers were compelled to go to Shanghai and Tientsin to get the needed machinery and equipment.

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